DECISION MEMORANDUM

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FROM:BRAD PURDY

DATE:APRIL 28, 1998

RE:CASE NO. IPC-E-98-4; AUTHORITY FOR IDAHO POWER TO DISCONTINUE ITS IRRIGATION CONSERVATION PROGRAM

On March 27, 1998, the Idaho Power Company (Idaho Power; Company) filed an Application for authority to discontinue its Irrigation Conservation Program, also known as “Agricultural Choices Program” (“ACP”).

The purpose of the program is to promote energy conservation among the Company’s irrigation customers through the installation and modification of more efficient irrigation systems.  The program is composed of four components covering large, medium, small and new irrigation systems.  According to its Application, Idaho Power states that 89 customers participated in the program during 1997.  The Company asserts that regional conservation programs, as opposed to a local program such as the ACP, represent the most appropriate and cost effective approach to conservation particularly in light of the potential that payments made for the conservation of energy to a present Idaho Power customer might not result in an energy savings to Idaho Power if that customer were to obtain energy from another supplier in the future.  Idaho Power contends that NEEA has recently approved funding for a specific irrigation program: “regional market transformation venture on Scientific Irrigation Scheduling” (SIS).  SIS, the Company contends, enables irrigators to meet crop moisture requirements by supplying the right amount of moisture at the right time.  Implementation of SIS will improve the efficiency of farm systems and improve crop yield and can reduce overall water use as well as reduce the use of agricultural chemicals.  The Northwest Energy Efficiency Alliance (NEEA) funded a three year program with budgeted expenditures for the Snake River plain aquifer in the amount of $774,200.  The Idaho Department of Water Resources will implement this program in the Snake River Plain Aquifer in Idaho.  In addition, NEEA is promoting programs for increasing the efficiency of motors used in the Pacific Northwest.  Idaho Power contends that discontinuance of the ACP is consistent with the goal of concluding other demand side management programs that were based upon the deferral of expenditures for recovery at a later date.  The Company notes that prior Commission Orders discontinuing DSM programs have provided for a phase-out of those programs to permit customers who have expended time and money in anticipation of participating, an opportunity to participate before the program is concluded.  Idaho Power states that it has followed a similar procedure for the conclusion of the Irrigation Program.  Due to the nature of this program, however, the Company states that it implemented the notification process prior to actually filing for discontinuance.  Idaho Power has been advising customers that it intended to end the ACP for some time.  The Company argues that this early notification was necessary because of the seasonal nature of irrigators ability to construct or make changes to an irrigation system.  In addition, it takes a considerable period of time, the Company contends, to design a system and obtain approval for participation from Idaho Power.  The Company says it believed that it was advisable to provide advance warning to customers and to cease accepting prospective participants in all four of the ACP’s components during the summer, rather than stretching the process out for another year.  Consequently, Idaho Power has been declining new participants since the winter of 1996/1997.  Because of this, Idaho Power proposes the following procedures for processing a request for funding under the ACP during the remaining phase-out of the program.

Large System Program

If a large system request for funding is presented on or before May 1, 1998, with a demonstration that payments to a third party or out of pockets costs had been incurred by the customer with approval of the Company prior to the Company’s Application for discontinuance, Idaho Power will, following a full review, fund the proposed conservation measures if the measures qualify under the program.  The Company states that it is aware of the potential of one customer in this situation.

Medium System Program

Since this program provides for an audit by Idaho Power personnel, the Company is fully aware of those customers that may be participants.  Idaho Power has advised customers that it is not conducting any new audits due to the proposed discontinuance of the ACP.  If a medium system request for funding is presented on or before May 1, 1998, with a demonstration that payments to a third party or out of pocket costs have been incurred by the customer with approval of the Company prior to the Company’s Application for discontinuance, Idaho Power will, following a full review, fund the proposed conservation measures if the measures qualify under program.  The Company states that it is aware of a potential of 13 customers in this situation.

Small System Program

If a small system request for funding is presented on or before May 1, 1998, with a demonstration that payments to a third party or out of pocket costs have been incurred by the customer with approval of the Company prior to the Company’s Application for discontinuance, Idaho Power will, following a full review, fund the proposed conservation measures if the measures qualify under the program.  Idaho Power states that it is not aware of any customers in this situation.

New System Program

If a new system request for funding is presented on or before May 1, 1998,  with a demonstration that payments to a third party or out of pocket costs have been incurred by the customer with approval of the Company prior to the Company’s Application for discontinuance, Idaho Power will, following a full review, fund the proposed conservation measures if the measures qualify under the program.  The Company states that it is aware of 10 potential customers in this situation.

Staff Position

Staff recommends that the Commission issue an Order suspending Idaho Power’s proposed May 1 termination date.  For all intents and purposes, Idaho Power unilaterally terminated the ACP prior to the beginning of last summer when it began rejecting new applications.  Idaho Power did not conduct any field audits last summer, and those applications which are now being processed are for systems which were tested during the 1996 irrigation season.  Staff asserts that the Company did not have the authority to terminate the ACP without Commission approval.  Staff also notes that the Company’s filing was made at the time of year when irrigators are returning to the fields in preparation for the growing season.  Not only are they preoccupied with their labors right now, but this is the opportune time for them to have their pumps tested for participation in the ACP.  Consequently, Staff recommends that the Commission process this matter under modified procedure and direct the Company to continue processing new applications for participation under the ACP until otherwise notified.  Staff recommends that if any new applications are received which require field testing of irrigation systems, that those tests be commenced promptly so as to preserve the window of opportunity offered by the irrigation season now underway.

Commission Decision

How does the Commission wish to proceed?

Brad Purdy

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